NUEXCO

EXECUTIVE SUMMARY
REPORT 211
(All data as of February 28, 1986)

Exchange Value $17.00, unchanged

The **Exchange Value** is **$17.00** per pound U_3O_8, unchanged since last month.

UF_6 Value $48.00, up $1.00

The **UF_6 Value** is **$48.00** per kilogram U as UF_6, up $1.00 since last month.

Transactions

Four recent natural uranium sales and one of low-enriched uranium are reported, involving approximately one million pounds equivalent U_3O_8. All of the sales involved spot or near-term delivery and three met the conditions for inclusion in the Transaction Value. One transaction involved natural UF_6.

Supply-Demand Ratio increased to 2.5:1

Active spot and near-term **uranium supply** amounts to **2.4 million** pounds U_3O_8 equivalent, down 1.5 million pounds since last month. Active spot and near-term **uranium demand** totals **975 thousand** pounds, down 1.8 million pounds. The spot and near-term **supply-demand ratio** rose to **2.5:1.**

Transaction Value $16.70, up $0.15

The **Transaction Value** is **$16.70** per pound U_3O_8, up $0.15 since last month. The calculation includes 16 transactions involving a total of 2.6 million pounds U_3O_8 and equivalent UF_6, and covers a period of 5 months.

Loan Rate unchanged at 5%

The **Loan Rate** is **5 percent** per annum, unchanged.

Conversion Value $1.80, up $0.20

The **Conversion Value** is **$1.80** per pound U as UF_6, up $0.20 since last month. Active secondary market supply for conversion services for delivery within three years totals 865 thousand pounds U as UF_6. Active demand totals 950 thousand pounds U as UF_6. No secondary market conversion transactions are reported.

SWU Value for delivery within one year: $80

The **SWU Value** at .3 tails and for delivery within one year is **$80** per SWU, unchanged since last month. Four secondary market SWU transactions are reported, involving 200 thousand SWUs.

* * *

Enrichment

In recent months, the US Department of Energy (DOE) has implemented various moves designed to reinforce its position with regard to the gains made by its European competitors in the market for enrichment services as well as the court ruling against its standard enrichment contract. Nuexco examines the utility response to DOE's latest incentive pricing campaign, and also comments on some of the implications of its proposed revisions to the enrichment criteria.

Analysis and Commentary

No nuclear units were canceled in the USA in 1985, an achievement that last occurred in 1973. As of February 1986, 34 units comprised the nuclear plant construction backlog in the USA. Eighteen of those units are at least 90-percent complete, an encouraging sign for growth in installed nuclear capacity in the next several years.

Analysis and Commentary

Nuexco's estimate of WOCA uranium reserves (reasonably assured resources recoverable at a cost of less than US$30 per pound U_3O_8) totals approximately 4,000,000,000 pounds U_3O_8, enough to supply world reactor requirements for at least the next 30 years.

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NUEXCO REPORT 211 FIGURES OF THE MONTH (February 28, 1986)	This Month (Report 211)	Last Month (Report 210)	12 Months Ago (Report 199)
Exchange Value[1]	17.00	17.00	15.00
Transaction Value[1]	16.70	16.55	15.70
UF_6 Value[2]	48.00	47.00	—
Loan Rate[3]	5%	5%	5%
Conversion Value[4]	1.80	1.60	1.00
Near-Term Uranium Supply[5]	2.4	3.9	5.3
Near-Term Uranium Demand[6]	1.0	2.8	2.3
Near-Term Supply-Demand Ratio	2.5	1.4	2.3
Recent Uranium Sales:			
Number of Transactions[7]	5	6	9
Quantity of Material[8]	1.0	8.7	2.1
Nuexco SWU Value:[9]			
at 0.3 tails assay and delivery within one year	80	80	—
USDOE SWU Prices:			
USEC	125.00[10]	125.00[10]	135.00
AFC	153.00[11]	153.00[11]	153.00[11]
Requirements	157.00[11]	157.00[11]	157.00[11]
Market Value of Enriched UF_6[12,13]:			
2.5 w/o U_{235}	462	460	481
3.0 w/o U_{235}	592	589	621
3.5 w/o U_{235}	724	720	765
4.0 w/o U_{235}	858	854	911

[1]US $ per pound U_3O_8 equivalent.
[2]US $ per kilogram U as UF_6.
[3]Per annum.
[4]US $ per pound U as UF_6.
[5]Active inquiries to sell, for delivery within 12 months after contract signing (millions of pounds U_3O_8).
[6]Active inquiries to purchase, for delivery within 12 months after contract signing (millions of pounds U_3O_8).
[7]Uranium sales only; does not include loans, conversion, or SWU transactions.
[8]Millions of pounds U_3O_8, equivalent.
[9]US $ per SWU.
[10]Effective 10/1/85.
[11]Effective 10/1/84.
[12]Calculated using the Nuexco Exchange Value, Conversion Value, and 0.30 percent tails assay. From 4/30/85 to 11/30/85, calculations used in the Nuexco SWU Value for DOE origin and delivery by the end of FY86. As of 12/31/85, calculations use the SWU Value for delivery within one year.
[13]US $ per KgU as UF_6, rounded to the nearest $.

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